

Environmental Finance Center Network

EXECUTIVE SUMMARY

This Executive Summary of the annual report highlights the major accomplishments of the Environmental Finance Center (EFC) Network through 2001. The Network is a university-based technical assistance program offering financial outreach services to communities and local governments and the small business community on the how to pay issues of compliance with environmental standards.

The EFCs came together in 2000 to form a national association to foster greater collaboration and project opportunities and to clarify the role of the Environmental Finance Centers as a network. In 2001, the EFCs further strengthened the national association through improved communication and an expansion of their collaborative activities.

The first EFC was established in 1992 by EPA's Environmental Finance Program, which has since helped establish the other Centers in federal regions throughout the United States, forming a national Network of EFCs. The EFCs in the Network, in the order of their establishment, includes the University of New Mexico (Region 6 - 1992), the University of Maryland (Region 3 - 1993), Syracuse University (Region 2 - 1993), California State University at Hayward (Region 9 - 1994), Cleveland State University (Region 5 - 1995), Boise State University (Region 10 - 1995), the University of North Carolina at Chapel Hill (Region 4 - 1999), and the University of Louisville (Region 4 - 1999). In early 2000, Region 1 added the University of Southern Maine to the EFC Network.

Located in the Office of the Chief Financial Officer, the Office of the Comptroller's Environmental Finance Program works with the EFC Network to set priorities and coordinate and plan activities. The financial outreach services of the Network focuses on identifying ways of building the state and local financial capacity necessary to carry out environmental programs and help create sustainable environmental systems in the public and private sectors as well as increasing private sector investment in environmental systems.

Each year since 1995 the Network has produced an annual report that documents the activities and the results achieved by the EFCs. These annual reports are available via the Office of the Chief Financial Officer's web site at <http://www.epa.gov/ocfo/index.htm> or directly on the Environmental Finance Program's website at <http://www.epa.gov/efinpage/efc.htm>. This information has become a highly effective means of communicating all aspects of the how to pay issues confronting the regulated community.



New England Environmental Finance Center at the University of Southern Maine - Region 1

Executive Summary

The focus of the New England EFC (NE/EFC) at the University of Southern Maine is the emerging importance of innovative approaches to land conservation, habitat preservation, and growth guidance that moves beyond public regulation to include financial incentives and partnerships between the public, non-profit, and private sectors.

The NE/EFC has initiated a series of roundtable meetings on land protection and smart growth throughout the New England states, which will serve as the primary source of information to guide the EFC's future activities and priorities with Region. Eventually one will be held in each New England state.

These conferences are collecting case study information from people with smart growth experience in financing limited development projects

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throughout New England. Structured discussion is helping identify specific areas of greatest need for assistance in financing limited development projects. Information collected so far will be invaluable in 1) making lessons learned available to those attempting to finance limited development projects throughout New England, and 2) helping the NE/EFC develop future work plans based on areas of significant need.

Information regarding the location and type of conserved lands is key to numerous land use and environmental decisions by federal, state, and local agencies, as well as by private individuals, organizations, and developers. As part of its mission, the NE/EFC at the Muskie School is committed to "assess the feasibility of developing a GIS-based inventory of conservation lands in New England." It would begin with an assessment of available data and the development of a long-term plan to create the regional database and to make it available on-line to potential users, public and private. The conserved-lands-database would include data on location, ownership, purposes, restrictions, etc. Records would be geo-referenced for use in common GIS systems, such as Arc View. Maps of the data could be accessible over the World Wide Web using ESRI Internet Map Server or similar software.



Syracuse University Environmental Finance Center - Region 2

Executive Summary

The primary activity of the EFC in 2001 was the implementation of its *Public Management and Finance Program* (PMFP), a project conceived to impart valuable training in environmental finance to local government representatives. Other activities of importance include the planning and implementation of a source water project, and the implementation of a brownfields project with the City of Syracuse. During 2001 the EFC also continued to assist communities with the use of an EPA supported windows®-based computer software program for setting financially responsible water and wastewater rates. A last highlight in 2001 was the completion of the *International Environmental Finance Training and Technical Assistance Program* work in the Russian Federation.

During 2001, the EFC continued to participate in and establish collaborative relationships with other government-supported programs, public agencies, institutions of higher learning, and environmental technical service providers. These relationships have strengthened over the past several years and

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continue to foster new opportunities for the EFC to enhance its capacity to deliver services to local governments. Rural communities have remained a strong focus of the EFC and it continues to provide assistance to communities grappling with environmental improvements and infrastructure planning.

The Syracuse EFC is working with a cluster of communities with common concerns for potential drinking water contamination. This team will work with stakeholders in the communities to address potential contamination issues and help establish a Source Water Protection Council.

The EPA Brownfields Assessment Pilot Program awarded \$200,000 to the City of Syracuse to develop a comprehensive brownfields redevelopment plan. The primary role of the EFC, which had collaborated with the City to develop the proposal, is to facilitate the focus groups of specific stakeholder populations, in order to identify preferences for recreational or commercial uses of property as well as properties of the highest priority. These focus groups will lead to the formation of a Brownfields Advisory Committee.



University of Maryland Environmental Finance Center - Region 3

Executive Summary

The Environmental Finance Center at the University of Maryland (Region 3) draws from a wide range of expertise including scientists, planners, engineers, citizen advocates, environmental consultants, business professionals and local government representatives. The EFC uses such tools as charrettes and roundtable discussions, workshops and conference sessions, one-on-one consultations and technical assistance, facilitation and community outreach, and training and education.

During the year 2001, the Maryland EFC engaged in a number of new and ongoing initiatives in areas of watershed protection involving the purchase of open spaces and greenways, development of financial plans to implement watershed action strategies, and sound financial management through affordable and equitable utility rate systems and capital improvements planning.

Among collaborative efforts within the EFC Network, the Maryland EFC continues to offer train-the-trainer courses to EFC Network colleagues in order to introduce or enhance their workshop offerings in the area of watershed-based financial training.

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Source water protection has been another opportunity to coordinate with other EFCs in the Network. In coordination with USEPA's Office of Ground Water and Drinking Water, the Environmental Finance Center Network is working with local communities to assist them in developing drinking source water protection plans. Four EFCs are collaborating on the project, led by the University of New Mexico EFC, and including the EFCs at North Carolina, Boise State and Maryland.

Looking forward to 2002, the EFC has a contract with the Maryland Department of Natural Resources to design and conduct a series of five *Financing Watershed Strategies* workshops in conjunction with the state's Watershed Restoration Action Strategy (WRAS) initiative. The EFC is also scheduled to offer a variety of training courses and conference sessions on the benefits of sound financial management and will continue working with communities in their ongoing Source Water Protection project. In addition, the EFC is working with the Cacapon and Lost Rivers Land Trust to conduct a watershed-visioning workshop, which will take place in the spring of 2002.



**University of North Carolina at Chapel Hill
Environmental Finance Center (efc@unc) - Region 4**

Executive Summary

The North Carolina EFC (efc@unc) strengthened its institutional capacity by entering into new partnerships with a wide range of organizations. These actions have allowed the efc@unc to leverage funds and increase the impact and scope of its work.

Among the key highlights of 2001 for the efc@unc was the publication of its major report on the costs and financing of North Carolina's Million Acres land conservation initiative. Another important undertaking for the efc@unc was to work closely with several other EFCs on a national source water protection pilot project led by the EFC at the University of New Mexico.

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A key accomplishment for the efc@unc was the completion and delivery of its comprehensive environmental finance course. EPA commissioned the efc@unc to develop a course for professionals involved in the planning, delivery, regulation, or financing of environmental infrastructure services. At the end of 2001, the efc@unc was awarded a grant to develop innovative distance education modules on environmental finance topics for engineering masters students and local government environmental professionals that to date have had little opportunity for practical environmental finance training. The efc@unc sees this distance education grant as the start of long-term efforts that have always been central to its strategic plan: to use information technology as a bridge between environmental finance expertise and the government officials, and their consultants and contractors, who most directly need that expertise.

Other successes include completion of a database of low-cost loan and grant financing sources for environmental projects in the southeast; expansion of training, technical assistance and policy analysis services provided to public utilities and local and state governments; collaboration with the North Carolina section of the American Water Works Association to introduce more environmental finance training programs into their established training programs; and assisting in the production of a series of "toolkits" that encapsulate smart growth tools as they might be applied by local governments in the southeast; assisting environmental non-profits to develop business plans.



University of Louisville Environmental Finance Center - Region 4

Executive Summary

The Region 4 Environmental Finance Center at the University of Louisville (EFC4@UL) continued its “training the trainer” efforts to provide tools for the needs of water and sewer system operators in the Region. EFC personnel participated in thirteen different workshops and seminars in the US and three overseas during the year, delivering twenty-five different presentations or sessions.

The EFC developed several Policy Guides to educate local government decision-makers and other parties about the environmental policy choices they face and some of the monetary and non-monetary economic consequences of their decisions and are refining and completing others. At the same time, the EFC launched a series of Brownfield Financing Workshops for lenders and developers in the different states in EPA

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Region 4, they worked in cooperation with the Region’s Brownfields Office and a range of other collaborators. Complementing this effort, the EFC expanded the range of its background investigation and technical assistance provision in the key areas of environmental liability and risk management, working on a number of discrete issues relating to the availability, utilization, and financial utility of environmental insurance products and services.

Over the year, the EFC expanded its funding for additional environmental economics and finance studies and technical assistance projects to extend its reach. Complementing the EPA funds from the Environmental Finance Program and the Headquarters Brownfields Program (OSWER/OSPS), the EFC received funding from the Lincoln Institute of Land Policy as well as from individual municipalities and states.

The EFC strengthened its base and range of expertise in land use-related environmental finance issues as a University-based provider of support services. In working to support smart growth and better management of changing land use patterns, the Louisville Environmental Finance Center supported the efforts of Kentucky, Indiana and other states in developing approaches to smarter growth and land use planning. This work is intended to improve public decision-makers’ capacities to evaluate growth policy options in terms of efficiency, equity and effectiveness. As part of that effort, the EFC built up its Geographic Information System analysis and descriptive capacities in order to pursue these objectives and better serve state and local planning bodies.



Cleveland State University
Great Lakes Environmental Finance Center - Region 5

Executive Summary

In 2001, the GLEFC provided technical assistance, studies, seminars, training, counsel, and testimony to local, state, federal, and not-for-profit organizations and clients. The GLEFC continues to provide support to the Federal Executive Board of Greater Cleveland in facilitating a federal and state agency collaboration on brownfields. The GLEFC is working with the EPA's Great Lakes National Program office to identify innovative methods of financing (great lakes) sediment disposal. The GLEFC also worked with the Ohio Department of Development, through its Clean Ohio Council, the Ohio EPA and the Ohio Department of Natural Resources on new environmental public policy initiatives.

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The GLEFC was engaged by the Ohio Department of Development, the Ohio Environmental Protection Agency, and the Clean Ohio Council to assist in initiating a \$200 million bond financed brownfield redevelopment grant fund. The GLEFC was charged with developing the strategy and implementation plan for initiating the Clean Ohio Revitalization Fund. The GLEFC identified operational issues for the implementation of the Fund through a series of focus groups. The focus groups were conducted in each of the 19 Clean Ohio Revitalization Fund implementation districts, drawing approximately 300 participants.

The GLEFC was engaged by the Federal Executive Board of Northern Ohio to facilitate the development of a strategic plan to guide the implementation and operation of the Brownfields One Stop Shop (BOSS) partnership between federal agencies in northern Ohio that have a programmatic role in brownfield remediation. The strategic plan focused on the desired structure for the BOSS, the program and schedule of the BOSS activities, and the financing of the BOSS activities. The strategic planning process had many components. The GLEFC conducted the needs assessment portion of the strategic plan.

The GLEFC also conducted a series of seminars on the infrastructure reporting aspects of the Government Accounting Standards Board (GASB) No. 34 accounting requirements for governments. The seminar focused on the "modified" reporting alternative of GASB 34, the asset management reporting system. The seminar series attracted over 120 local government finance and planning directors. The seminars were conducted for *Build Up Greater Cleveland*, a regional infrastructure advocacy organization.



University of New Mexico Environmental Finance Center - Region 6

Executive Summary

During 2001, the EFC continued to assist the EPA Region 6 states of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas with the implementation activities associated with capacity development strategies, as

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required under the 1996 Safe Drinking Water Act (SDWA) amendments. Capacity building includes enhancing technical, managerial, and financial capabilities to achieve consistent and sustainable regulatory compliance and to develop sustainable infrastructure.

Capacity development cooperative efforts with other EFCs in States outside of Region 6 included a four-year collaborative project with the Environmental Finance Center at Boise State University (EFC-10), funded through a grant from the USEPA Office of Ground Water and Drinking Water. The EFC also provided capacity development assistance to Tribal Water Systems to help them improve capacity deficiencies. In addition, the EFC worked with EPA Region 6 to develop a Comprehensive Performance Evaluation (CPE) process for groundwater systems. As part of this effort the EFC assisted EPA Region 6 in completing 3 CPEs on tribal water systems.

The UNM EFC assisted the New Mexico Finance Authority (NMFA) with trying to bring the State Revolving Loan Fund (SRF) process to small and medium-sized communities in New Mexico. The SRF program has had difficulties moving money to these communities and the EFC helped to fill out forms, meet requirements, explain the program, initiate engineering or environmental documents needed for the loans, gather financial information, and market the overall program.

The EPA Region 6 Border Office in El Paso has sought to pilot the idea of a Clean Air Investment Fund (CAIF) for the El Paso/Juarez/Dona Ana County airshed. The UNM EFC has partnered with the California State University EFC to complete this study. The next step is to engage in more dialogue with the Mexican side of the border and to develop a Clean Air Investment Fund Charter.



**California State University, Hayward
Environmental Finance Center - Region 9**

Executive Summary

The Environmental Finance Center at California State University, Hayward (EFC9) is a university-based Center working for greener communities through cleaner business, by advancing the environmental industry and promoting pollution prevention and source reduction.

In 2001 EFC9 and the U.S. EPA Region 9 Pollution Prevention (P2) Team and the Solid Waste Section launched the Electronic Waste Initiative on Brominated Flame Retardants (BFRs). Some of the brominated flame retardants have established adverse health effects and there is increasing concern about the levels of BFRs found in human and animal blood and tissue.

EFC9 assisted EPA Region 9 in its efforts to serve state and local governments that are searching for new approaches to improve their business assistance and Pollution Prevention (P2) programs. EFC9 began this program by helping the State of Arizona launch their Green Business Program.

EFC9 is assisting EPA Region 9 in its efforts to serve state and local governments that are searching for new approaches to improve their business assistance and Pollution Prevention (P2) programs.

Partnering with the New Mexico EFC, EFC9 worked with USEPA Region 6 to help develop and operate a Clean Air Investment Fund (similar to emissions trading) in the El Paso/Juarez/Las Cruces airshed. The project is a joint US/Mexico effort and seeks to reduce emissions from industry on both sides of the border. In order to establish a Clean Air Investment Fund (CAIF), it is necessary to assess the position of businesses on both sides of the border and to listen to their thoughts and concerns. In 2002, the EFC team will contact businesses and set up a series of roundtable discussions to get specific feedback on topics related to the CAIF. The final report will also be completed in 2002.

For several years, EFC9 has worked with the California Department of Corrections (CDC) to introduce Wet Cleaning as a greener vocational training opportunity at State prisons. The EFC's efforts ended successfully on June 5, 2001 when EFC9 organized and held a press event to celebrate and publicize the establishment of the nation's first vocational professional wetcleaning program located in a state prison at Soledad. Since beginning operation, the program has reduced perc (perchloroethylene) usage in Soledad

prison by 65 percent. The program cleans 400-500 garments per day and has reduced dry cleaning by five loads a day, as wet cleaning volumes have increased.



Boise State University Environmental Finance Center - Region 10

Executive Summary

The Boise State University EFC (Region 10) devoted significant efforts in designing and testing drinking water system capacity assessment methodologies required by the 1996 Amendments to the Safe Drinking Water Act (SDWA). As part of this work, the EFC assisted states in improving institutional capacity and formulating and implementing drinking water program capacity development strategies. During 2001 the EFC provided assistance to Alaska and Idaho as those states moved to implement the elements of their capacity development strategies.

The EFC continued to conduct utility rate design workshops and presentations within Region 10. The workshops were organized based upon local demand for assistance and met the goal of providing this training in the majority of Region 10 states, primarily in Oregon, Washington and Idaho. In 2001 there was a shift in demand for EFC service from workshop settings toward providing one-on-one technical assistance. Also, the EFC began investigating the need to develop a new utility rate setting model to replace *RateMod Pro* – a proprietary program.

The EFC developed a capital improvement planning and financing tool for small water and wastewater utilities known as CAPFinance™. This tool helps small utilities assess their capital facilities and on the basis of that

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assessment, prepare a multi-year financing plan. Such financial information greatly aids small water and wastewater systems in meeting the full-cost pricing needs of their operations. CAPFinance™, as a new capital facilities financial planning tool, compliments the *RateMod Pro* utility rate setting computer model which was developed (in its initial form) by the Environmental Finance Program.

In 2001, the EFC began collaborating with the EFCs at the Universities of New Mexico, North Carolina, Syracuse and Maryland on a project related to source water protection project funded by EPA. The ultimate goal is to use the results of the stakeholder processes to inform policy makers about the challenges that small communities face in meeting source water protection planning objectives, such as fostering stakeholder participation and cooperation, gaining consensus on need for voluntary and programmatic efforts necessary to protect water sources, and developing financial resources for plan implementation.